DEPARTMENT OF MANAGED HEALTH CARE
HELP CENTER
DIVISION OF PLAN SURVEYS

AND THE

DEPARTMENT OF HEALTH CARE SERVICES
MEDI-CAL DENTAL SERVICES DIVISION

FINAL REPORT NON-ROUTINE SURVEY

OF

HEALTH NET DENTAL PLAN, INC.

A DENTAL PLAN

DATE ISSUED TO PLAN: JANUARY 4, 2013
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Final Report of a Non-Routine Survey
Health Net Dental Plan, Inc.
A Dental Plan
January 4, 2013

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EXECUTIVE SUMMARY

In order to promote efficiency and avoid duplication of efforts, this Non-Routine Dental Survey of Health Net Dental Plan, Inc. ("the Plan") was conducted jointly by The Department of Managed Health Care (the "Department") and the Department of Health Care Services (DHCS).

On March 9, 2012, the Department notified the Plan that a Non-Routine Dental Survey had commenced, and requested the Plan to submit information regarding its dental health delivery system. The survey team conducted the onsite portion of the survey from April 25, 2012, through April 27, 2012. The Department completed its investigatory phase and closed the survey on August 6, 2012.

ISSUE BACKGROUND

The California Department of Health Care Services (DHCS) contracts with four geographic managed care (GMC) plans to provide dental services to Medi-Cal members in Sacramento County.[1] The Department licenses the four geographic managed care dental plans and is charged with enforcing the provisions of the Knox-Keene Health Care Service Plan Act of 1975 and the regulations issued under the authority of the Act.[2] Health Net Dental has a contract with the DHCS to provide dental services to Sacramento GMC members and is licensed by the Department.

In February of 2012, the Department was alerted to several media reports alleging that children in the Denti-Cal Program, receiving care in Sacramento County, were not obtaining services in a timely manner and were not receiving the appropriate level and quality of care for their dental needs. It was reported that in fiscal year 2010-2011, only 30.6 percent of Sacramento County children enrolled in a contracted managed care plan saw a dentist, compared with nearly half of the children receiving fee-for-service Medi-Cal statewide.[3] Further, the articles alleged that children were experiencing long delays in receiving necessary dental care.[4]

Title 28, California Code of Regulations section 1300.82.1(a)(2) allows the Department to conduct a Non-Routine Survey for good cause under Section 1382(b) when the Director has reason to believe the Plan has violated Section 1370. The nature of the allegations in the media reports if true, were likely violations of numerous provisions of the Act including Section 1370 and contrary to the provisions and requirements of the DHCS GMC Contract 07-65804.

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[1] At the commencement of this Non-Routine Survey, the Department of Health Care Services contracted with five dental plans. However, as of June 1, 2011, Community Dental Services ceased operations and transferred enrollees to Liberty Dental Plan.

[2] The Knox-Keene Act is codified at Health and Safety Code section 1340 *et seq.* All references to "Section" are to the Health and Safety Code unless otherwise indicated. The regulations promulgated from the Knox-Keene Act are codified at Title 28 of the California Code of Regulations section 1000 *et seq.* All references to "Rule" are to Title 28 of the California Code of Regulations unless otherwise indicated.

[3] Wiener, Jocelyn. "'Model' Dental Program Proves Painful for Kids." The Sacramento Bee [Sacramento, CA] 12 Feb. 2012: 1A. http://www.sacbee.com/2012/02/12/4256975/model-dental-program-proves-painful.html

[4] Bazar, Emily. "State Health Chief Vows Changes to Sacramento County Dental Program." The Sacramento Bee [Sacramento, CA] 24 Feb, 2012: 1B: http://www.sacbee.com/2012/02/24/v-print/4287073/state-health-chief-vows-changes.html

The Department, in coordination with DHCS determined that both departments would conduct an investigation of all four dental managed care plans contracting with DHCS and licensed by the Department in order to assess the overall performance of the plans in providing dental care to members. The review concentrated on the Plan's operational activities conducted for the time period of March 1, 2010, through February 29, 2012.

SCOPE OF SURVEY

The Department conducted a focused review of the issues presented in the media reports. The review included an examination of the Plan's monitoring mechanisms for contracted providers, compiled encounter data, reports, policies, procedures, and standards in the following areas:

- Utilization Management
- Grievance and Appeals
- Timely Access to Care
- Quality of Care

The Department's review also included an assessment of the Plan's compliance with relevant provisions of the DHCS GMC Contract.

SURVEY RESULTS

DEFICIENCIES

There were **no** Knox-Keene Act Deficiencies identified during the Non-Routine Dental Survey.

RECOMMENDATIONS

The Department identified **one** recommendation during the current Non-Routine Dental Survey.

Recommendation #1: The Plan should ensure its delegate (Liberty Dental) submits reports to the Plan's governing body that provide sufficient detail of quality improvement activities including findings and actions taken.

Statutory/Regulatory/Contract Reference(s): Section 1370; Rule 1300.70(a)(1); Rule 1300.70 (a)(4)(D); Rules 1300.70(b)(2)(C) and (G); DHCS GMC Contract 07-65804, Exhibit A, Attachment 4, Items 6-A and B

Assessment: A review of committee reports submitted by the Plan's delegate showed that the reports from three different committees lacked sufficient detail reflecting all of the activities conducted during meetings and failed to provide a detailed description of how the committees arrived at conclusions. The Plan must ensure that it is monitoring the sufficiency of reports received from its delegate as part of its Quality Assurance Program pursuant to Section 1370 and Rule 1300.70. The Plan should ensure that committee reports describe all activities conducted by the Plan delegate in order to identify whether or not the delegate is meeting the requirements of the law.

Health Care Impact: The Plan remains accountable for all quality improvement activities. By relying on insufficient and incomplete information, the Plan may not be able to fully and adequately assess the quality of care that is provided to enrollees. This may lead to enrollees continuing to receive substandard care, if such care is being provided to enrollees.

CONTRACT FINDINGS

The Department identified **one** Contract Finding:

Contract Finding #1: A review of the Plan's Utilization Management Template Letters, sent to members by the Plan's delegate, Liberty Dental, revealed that the letters are not written in a sixth-grade reading level.

Contract Reference(s): DHCS GMC Contract 07-65804, Exhibit A, Attachment 13, Member Services, Item 4-C

Assessment: The Plan delegates its utilization management function to Liberty Dental Plan. An analysis of Utilization Management Letter Templates revealed that the letters are not in the sixth-grade reading level as required by the DHCS GMC Contract 07-65804 and the Plan's own internal policy.

Health Care Impact: The Plan must ensure that its delegate sends letters to members, which provide sufficient and clear information that is easily understood. Letters that contain technical language may deny enrollees the ability to make informed decisions regarding their medical care.

PLAN'S EFFORTS TO ADDRESS DHCS IMMEDIATE ACTION ITEMS

On March 7, 2012, the Director of the DHCS, Toby Douglas, sent a letter to the dental plans participating in the Sacramento GMC Program asking that the Plans commit to increasing utilization and ensuring timely access to services. Health Net responded by providing the following list of activities:

- Beneficiary Letter: The Plan completed an educational letter for GMC members ages 0-5 and 6-21.

- Phone Call Campaign: The Plan completed a call campaign to parents/guardians of members under the age of 21 who had not had an office visit within the past 6 months. During the calls, the Plan assisted 16% of parents/guardians with scheduling an appointment. The Plan also conducts Initial Dental Health Assessment campaigns and contacts members enrolled for 90 days to encourage dental visits. Recall Campaigns are conducted where members are contacted 6 months following their previous visit. In addition, Health Net has implemented a Retention Team who contacts members to remind them of upcoming annual renewal of benefits. The calls also assist members in retaining eligibility and act as an educational tool to educate members about the importance of regular dental visits for their children.

- Issue Resolution Reporting: The Plan uses a specialized business unit to ensure immediate attention is given to members and providers who have expressed dissatisfaction with service.

- Informational (DHCS) Flyer: The Plan is working with other health plans and the DHCS to develop an informational flyer for members.

- Utilization Control with Enrollment: The Plan generates a 'Non-Reporting' list monthly that instantly displays the utilization percentage for every office. Any office that reports a utilization percentage below 5% receives a letter and a phone call from the Plan's Provider Relations Team reminding the provider to submit all encounters and reminding the providers about the obligation to provide timely access to services. The Plan is also in the process of implementing a "new enrollment halt" for any provider that does not meet utilization thresholds.

- Education Seminars: The Plan conducts office by office visits or provider office sweeps. From March 2011 to March 2012, the Plan visited each contracted GMC office at least 3 times; during which educational materials were distributed to the providers. The educational materials were also left in provider offices for parents and guardians to read.

- Pay for Performance (P4P) and Withholds on Provider Payments: The Plan uses their 'Non-Reporting' list described above to monitor provider utilization by office. The Plan incentivizes providers by using a fee-for-service utilization model that pays a fee for the most performed procedures.

- Federally Qualified Health Centers (FQHC): The Plan currently contracts with an FQHC in the Sacramento Area, the Effort. Additional FQHCs are planned for the area and the Plan will contract with them. In addition, the Plan is in contact with other FQHCs and the Sacramento Native Health Center.

- Timely Access Reports: The Plan monitors timely access at the provider level.

- Increase Provider and Specialist Enrollment: The Plan confirmed that it would work with the DHCS to establish credential criteria that would be used to enroll potential providers without enrolling the providers into Medi-Cal Dental Fee-for-Service program.

- Specialty Referral Process: The Plan confirmed that it would work with the DHCS and other plans to develop a streamlined referral process.

- Coordination of care between Health Net Medical and Health Net Dental: The Plan committed to coordinating care for members enrolled in both Health Net's health plan and Health Net's dental plan. Physicians will give the member a dental referral when appropriate. The Plan's member services will then call the member to ensure the member has a dental home or assist the member in locating a dentist.

- Health Net 21: Members who are over 21 and have lost dental benefits and that enroll with the Plan on the medical side will automatically be enrolled in the Health Net 21

Program. The Health Net 21 Program covers dental x-rays, exam and prophylactic treatment. If additional services are needed, they are provided at a low cost fee.

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SURVEY OVERVIEW

The Department evaluates each health care service plan licensed pursuant to the Act. As authorized by Section 1380(c) of the Act, surveys performed pursuant to this section shall be conducted as often as deemed necessary by the Director to assure the protection of subscribers and enrollees.

This Non-Routine survey was limited to a review of the four managed dental care plans that have contracts with DHCS to provide dental services to Denti-Cal enrollees in Sacramento County. The Department's review was limited to the issues presented in media reports. The Department evaluated the Plan's monitoring mechanisms for contracted providers, compiled encounter data, reports, policies, procedures, and standards in the following areas:

Utilization Management – How the Plan manages the utilization of services through a variety of cost containment mechanisms while ensuring access and quality care.

Grievance and Appeals – The Plan is required to have compliant processes for resolving Member complaint/grievances in a professional, fair, and expeditious manner.

Timely Access to Care – The Plan is required to ensure that its services are accessible and available to GMC enrollees throughout its Sacramento service area and within reasonable timeframes. The Plan is required to monitor Primary Dentist assignment.

Quality Management – The Plan is required to assess and improve the quality of care it provides to enrollees.

The Department's review also encompassed relevant DHCS GMC contract provisions including but not limited to: Quality Management, Member Rights, Access and Availability, Utilization Management and Member Education.

The Preliminary Report was issued to the Plan on October 19, 2012. The Plan had 45 days to file a written statement with the Director identifying any deficiencies and contract findings and describe actions taken to correct the findings and the results of such action. The Plan has an opportunity to review the Final Report and file a response with the Department prior to the Department issuing the Final Report and making the Final Report public.

This Final Report addresses the Non-Routine Survey of the Plan, which commenced on March 9, 2012 and closed on August 6, 2012.

PLAN BACKGROUND

Health Net of California, Inc. is headquartered in Woodland Hills, CA. Health Net was originally founded in 1977 as a not-for-profit corporation. In 1991, Health Net converted to a for-profit organization and received a Knox-Keene license on March 7, 1991. Health Net Dental Plan (the "Plan") is an affiliate of Health Net of California, Inc., and in 2008, the Plan contracted with the DHCS to provide dental services to Medi-Cal members. The Plan's GMC membership in Sacramento includes 34,509 total enrollees with 20,389 children under age 21. The Plan also provides preventative dental services at no additional cost to the 14,120 adult members who qualify under the Federally Required Adult Dental Services under its Health Net 21 product.

The Plan currently has an administrative services agreement with Liberty Dental Plan of California, Inc. ("Liberty") to administer its state sponsored dental programs including the Sacramento GMC Program. The Plan delegates the responsibility of day-to-day operations including quality management, utilization management, network management, language assistance services, and the resolution of exempt grievances, to Liberty. The Plan maintains the responsibility for processing all standard grievances.

The Plan oversees the delegated activities by participating in committees and by engaging in other oversight activities.

SECTION I: DISCUSSION OF DEFICIENCIES AND CURRENT STATUS

Within the scope of this Non-Routine Survey, the Department did not identify any deficiencies in the Plan's operations.

SECTION II: DISCUSSION OF RECOMMENDATIONS AND CURRENT STATUS

In accordance with Section 1380(g), Department analysts offer advice and assistance to the Plan in the form of recommendations. Although a response to identified recommendations is not statutorily required, it is highly advised. These recommendations are not a statement of current Plan deficiencies. Recommendations are intended to alert the Plan to weaknesses in its operations or systems that have the potential to become deficiencies in the future. The Plan should review and evaluate recommendations, and take action as appropriate.

QUALITY MANAGEMENT

Recommendation #1: The Plan should ensure its delegate (Liberty Dental) submits reports to the Plan's governing body that provide sufficient detail of quality improvement activities including findings and actions taken.

Statutory/Regulatory/Contract Reference(s): Section 1370; Rule 1300.70(a)(1); Rule 1300.70(a)(4)(D); Rules 1300.70(b)(2)(C) and (G); DHCS GMC Contract 07-65804, Exhibit A, Attachment 4, Items 6-A and B

Assessment: The Department's review included interviews with Plan representatives from both Health Net Dental and Liberty Dental. Discussions and a review of applicable policies and procedures revealed that the Plans engage in thorough and consistent activities by joint participation on numerous committees. However, a review of the meeting minutes for the Quality Improvement Committee, the Joint Operating Committee ("JOC"), and the Access and Availability Committee showed that generated meeting reports did not adequately reflect all of the activities that are undertaken for quality improvement purposes. For example, during interviews, Plan staff agreed that although both Plans collaborate closely on improvement initiatives as part of the JOC, the JOC meeting minutes did not reflect the activities undertaken. Further, a review of the Access and Availability Committee Summary Reports showed that although there was an upward trend in access grievances during the review period, the reports continuously lacked discussion of those grievances and/or trend. Further, Liberty's Quality Improvement Reports did not include detailed descriptions of how the Plan arrived at specific conclusions.

Section 1370 and Rule 1300.70 require that plans continuously monitor the quality of care that is provided to enrollees and provide sufficient and detailed documentation of problems that are identified, action(s) taken to improve deficiencies, and that follow-up is planned where indicated. The DHCS GMC Contract 07-65804 and the Plan's own internal policy also require that committee minutes be sufficiently detailed. Here, Liberty's committee minutes lacked the necessary detail required by numerous standards. The Plan should ensure that all joint activities are documented in committee minutes and that it continuously monitors the sufficiency of reports presented by Liberty Dental to the Plan's governing body.

Process or System Issues that Should Be Addressed: The Plan should require more detailed committee minutes and reports from Liberty Dental to ensure that quality of care issues are appropriately identified, addressed and monitored by Liberty Dental. Detailed and specific

minutes and reports ensure that Liberty Dental is meeting all the requirements of the Act, Rules and the DHCS GMC Contract 07-65804.

Plan's Response to Identified Recommendation: The Plan's response to the Department's recommendation provided that commencing immediately, the Plan will implement the following actions to ensure that all joint activities are documented in committee minutes and that it will continuously monitor the sufficiency of reports presented by Liberty Dental Plan ("Liberty") to the Plan and ultimately to the Plan's governing body:

1. The Plan's Dental Director, Director and Manager of Dental Operations (" The Review Team"), will meet with Liberty's Dental Director and Liberty Dental staff responsible for generating reports. The Review Team will review the survey review period minutes of Liberty's Quality Improvement Committee, Access and Availability Committee, and The Joint Operating Committee in order to note specific deficiencies in identifying quality of care issues and adequate detail within the committee minutes.

2. The Plan will require a Corrective Action Plan from Liberty, indicating the processes to be implemented in order to generate detailed committee minutes and reports that ensure that quality of care issues are appropriately identified, addressed and monitored by Liberty.

3. Following each future meeting of the three Liberty committees, and utilizing the processes identified in its corrective action plan, Liberty will provide reports sufficiently detailed as to allow the Plan to systematically assess, monitor and evaluate that actions taken by Liberty have effectively addressed any needed quality improvements in operations and the quality and appropriateness of care and services delivered to the Plan's members.

4. The reports and minutes of the Liberty meetings will be reviewed as they are generated, by the Review Team. Liberty will transmit improvement opportunities noted and action take at its meetings via a Report Summary submitted to the Plan's Quarterly UMQI Committee meetings.

5. The review team will verify that the meeting reports adequately reflect all of the activities that are undertaken for quality improvement purposes

SECTION III: DISCUSSION OF CONTRACT FINDINGS AND CURRENT STATUS

The Department's review identified specific Contract Findings in particular survey areas. The Plan was required to review and evaluate the Department's findings and provide corrective action within 45 days of the issuance of the Preliminary Report. The following discussion summarizes the Department's finding concerning the Plan's compliance effort and the Plan's response.

CONTRACT FINDINGS

The Department identified **one** Contract Finding:

Contract Finding #1: **A review of the Plan's Utilization Management Template Letters, sent to members by the Plan's delegate, Liberty Dental, revealed that the letters are not written at a sixth-grade reading level.**

Contract Reference(s): DHCS GMC Contract 07-65804, Exhibit A, Attachment 13 Member Services, Item 4-C

Assessment: The DHCS GMC Contract 07-65804 and the Plan's own policy "*Health Net 2012 State Health Programs Health Education Department Program Description, Effective January 17, 2012*" require that the Plan provide written material to enrollees that is written at a sixth-grade reading level. The purpose of the requirement is to ensure that members understand the services that are covered by the Plan, the processes that the Plan follows in making decisions, and to ensure members have clear information that enables them to make informed choices regarding their dental care.

A review of Utilization Management Letter Templates that are sent by the Plan's delegate revealed that the letters were not written at the sixth-grade reading level as required by both the DHCS GMC Contract 07-65804 and the Plan's own internal policy. The Plan should require Liberty Dental to reevaluate and rewrite the letter templates sent to members.

The Department utilized the Flesch-Kincaid Grade Level Readability Test function to evaluate the Plan's utilization management letter templates (statutory language removed). The results indicated that the letter templates communicating the Plan's decisions to modify or deny a member's request for services and its template indicating the need to delay decisions are written above a sixth-grade reading level.

- The denial letter template is written above a 13^{th} grade reading level.
- The modification letter template is written at a 12.4^{th} grade reading level.
- The letter template communicating a delay in decision-making is written at a 11.4^{th} grade level.

Plan's Compliance Effort: The Plan submitted four revised template letters. The Plan stated that it reviewed the letters for Flesch-Kincaid grade level readability and that the letters met the sixth-grade reading level with the exception of language required by regulation, which cannot be changed.

Department's Finding Concerning Plan's Compliance Effort:

STATUS: CORRECTED

Based upon the corrective actions undertaken, the Department has determined that this deficiency has been fully corrected.

The Department reviewed three of the Plan's revised letters using the Flesch-Kincaid Grade Level Readability tool and confirmed the following:

- The updated denial letter template is written at a 5.9 grade reading level.
- The modification letter template is written at a 6.1 grade level.
- The letter template communicating a delay in decision-making (NOA) is written at a 4.9th grade level.

SECTION IV: SURVEY CONCLUSION

Within the scope of this Non-Routine Survey, the Plan's operations were found compliant with the Knox-Keene Act.

The Department has completed its Non-Routine Survey. The Department will conduct a Follow-Up Review of the Plan and issue a report within 14-16 months of the date of this Final Report.

In the event the Plan would like to append a brief statement to the Final Report as set forth in Section 1380(h)(5), please submit the response via the Department's Web portal, eFiling application. Click on the Department's Web Portal, **DMHC Web Portal**

Once logged in, follow the steps shown below to submit the Plan's response to the Final Report:

- Click the "eFiling" link.
- Click the "Online Forms" link
- Under Existing Online Forms, click the "Details" link for the **DPS Routine Survey Document Request** titled**, 2012 Routine Dental Survey - Document Request.** Submit the response to the Final Report via the "DMHC Communication" tab.